(c) whether almost all the public sector banks are talking to each other to find partners so that their respective strength could be exploited to the hilt;

(d) the details of banks which have agreed for merger and how many banks have so far merged; and

(e) to what extent it has helped the economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) to (d) Any proposal for consolidation by way of merger among public sector banks has to come from the management of the banks themselves with Govt. playing a supportive role. The Boards of Banks have to take a decision in this regard based on the synergy levels of merging/consolidating entities. Till now no concrete proposal for amalgamation/merger has been received by Govt.

(e) Consolidation would allow economies of scale in terms of footprint, manpower and other resources. Having Indian Banks of a larger size would also enable them to face competition arising from internationalization of the economy. Larger size also entails better management of risk. Small and weak banks pose systemic risks with their low capital adequacy ratio and high NPAs. Consolidation is a timely response to augment efficiency, which would lead to income generation and add to GDP of the country.

NHB Scheme for Tsunami Victims

1431. SHRIMATI AMBIKA SONI:
DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether the National Housing Bank (NHB) has announced a concessional scheme for the Tsunami victims;

(b) If so, what are the details of the financial assistance that will be provided to them;

(c) what are the conditions imposed under this scheme and whether all eligible victims will be able to get these funds; and

(d) whether all the victims can fully utilize this scheme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) The details of National Housing Bank's refinance concessional scheme for the Tsunami affected people are indicated in the Statement (*See* below). NHB has not specified any eligibility criteria for the Primary borrowers under this scheme. NHB is extending assistance through the refinancing route. The Primary Lending Institutions availing refinance from NHB are free to identify the affected people and extend concessional finance as per their procedures.

Statement

Details of National Housing Bank's refinance Concessional Scheme for Tsunami affected people

The National Housing Bank has launched a financial assistance scheme for housing on 31.12.2004 for the Tsunami affected victims. The financial assistance through refinance extended to Housing Finance Companies and Scheduled Commercial Banks in respect of their housing loans in the affected areas, and through project assistance to public agencies. The salient feature of refinance assistance for housing by NHB are as under:

1.	Objective	Refinance assistance to scheduled Banks (SBs)/Housing Finance Companies (HFCs) to encourage construction of new houses/flats as also major repairs (including extension and upgradation) of the existing housing stock in the Tsunami affected areas as notified by States/Union Territories and to assist such persons to have a shelter of their own by extending need-based housing loans to them.
2.	Date of Implementation	*w.e.f.* 1.1.2005 to 30.6.2007
3.	Eligibility criteria	HFCs already availing refinance from NHB are eligible for refinance under this special dispensation.
4.	Scale of refinance	Purpose of loan / Maximum loan Size / Interest rate(%per annum) NHB to HFCs/ SBs / HFCs/SBs to beneficiaries Construction/ Purchase / Rs. 2.00,000/- / 5.00 / 6.5 Repairs & Upgradation / Rs. 50,000/- / 5.00 / 6.5 The refinance assistance under special dispensation on fixed rate of interest.
5.	Time limit and minimum size of claim	Within 12 months of the date from the disbursal of the loan by HFCs. Minimum amount of refinance claim should be Rs. 5.00 lakh.
6.	Security	Mortagage of property or Government guarantee from the borrower in favour of HFCs/Scheduled Banks or such other security, at the discretion of HFCs/SBs with the charge properly created in its favour.

7.	Security of refinance	As per existing arrangements with HFCs as may be decided by NHB from time to time.
8.	Period of refinance	Repayable not exceeding 15 years including the moratorium period.
9.	Moratorium	2 years for NHB to HFCs and HFCs to borrowers.

10. The details of project finance by NHB are:

(a) Project Finance will be provided to Agencies undertaking construction of houses repairs of houses.

(b) The cost of individual unit shall not exceed Rs. 2.00 lakh for new construction and Rs. 50,000 for repairs.

(c) Rate of interest to the implementing agencies [Public Housing Agencies or any agency notified for the purpose] will be 5.5% per annum.

(d) The loan is repayable in a maximum period of 20 years.

(e) The bank will provide loan upto 100% of the project cost.

Loans to Farmers under Institutional Network

1432. DR. KARN SINGH:
DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether private lenders provide loans to farmers at high interest rates with the result that they become over burdened;

(b) if so, whether Government have decided to bring farmers under institutional network so that they take loans from banks, not from private lenders;

(c) whether any target has been issued to the banks to provide loans to farmers without any formalities;

(d) if so, the guidelines issued to banks; and

(e) to what extent guidelines have been followed strictly by them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Lending at high interest rate to farmers by non-institutional lenders including private money lenders